



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 17

[^{F1}OTHER ANTI-AVOIDANCE]

[^{F2}Finance leaseback: parties' income and profits

[^{F2}228B [^{F3}S's income or profits [^{F4}etc]: deductions]

- (1) For the purpose of income tax or corporation tax, in calculating [^{F5}S's] income or profits for a period of account the amount deducted in respect of amounts payable under the leaseback may not exceed the permitted maximum.
- (2) The permitted maximum is [^{F6}the amount of the finance charges shown in the accounts.]
- (3) In relation to a period of account during which the leaseback terminates, the permitted maximum shall also include an amount calculated in accordance with subsection (4).
- (4) The calculation is—

$$\text{Current Book Value} \times \frac{\text{Original Consideration}}{\text{Original Book Value}}$$

where—

“Current Book Value” means the net book value of the leased plant or machinery immediately before the termination,

“Original Consideration” means the consideration payable to S for [^{F7}granting B rights over the plant or machinery], and

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228B. (See end of Document for details)

“Original Book Value” means the net book value of the leased plant or machinery at the beginning of the leaseback.

[If the use mentioned in section 228A(2)(b) includes use by a person (other than B)^{F8}(5) who is connected with S, this section applies in relation to that person as it applies in relation to S.]]

Textual Amendments

- F2** Ss. 228A-228J and cross-heading inserted (with effect in accordance with s. 134(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **s. 134**
- F3** S. 228B heading substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(3)(d)**
- F4** Word in s. 228B heading inserted (with effect in accordance with Sch. 20 para. 13(4) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 13(3)**
- F5** Word in s. 228B(1) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(3)(a)**
- F6** Words in s. 228B(2) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(3)(b)**
- F7** Words in s. 228B(4) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(3)(c)**
- F8** S. 228B(5) inserted (with effect in accordance with Sch. 20 para. 13(4) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 13(2)**

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228B.